

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-05 TRSE-00 ACDA-12 /120 W
-----067793 061736Z /46

P 061410Z DEC 77
FM AMCONSUL WINNIPEG
TO AMEMBASSY OTTAWA
INFO SECSTATE WASHDC 2067 PRIORITY
ALL CANADIAN CONSULATES GENERAL POUCH

UNCLAS SECTION 1 OF 2 WINNIPEG 486/1
E.O. 11652: N/A
TAGS: PGOV, PINT, EMIN, ENRG, CA
SUBJECT: REGINA EDITORIAL IMPLIES AMERICAN AMBASSADOR MEDDLING
IN SASKATCHEWAN AFFAIRS

1. FREE LANCE WRITER JOHN TWIGG WHO LIVES IN REGINA, AND REPORTS
ON POTASH AND MANY OTHER MATTERS IN TORONT GLOBE AND MAIL,
HAS WRITTEN A BY-LINED EDITORIAL IN THE NOVEMBER 19 REGINA LEADER-
POST ABOUT AMBASSADOR ENDERS MEETING WITH SASKATCHEWAN PREMIER
ALLAN BLAKENEY ON NOVEMBER 7 IN REGINA. BECAUSE OF THE INACCURA-
CIES AND INUENDOS CONTAINED IN IT, THE ENTIRE EDITORIAL IS
QUOTED BELOW UNDER THE TITLE PRESSURES ON BLAKENEY.

2. QUOTE: HOW MUCH PRESSURE IS SASKATCHEWAN PREMIER ALLAN
BLAKENEY UNDER RIGHT NOW, AND WHO FROM?

THAT IS THE QSESTION THAT MUST BE ESKED NOW TH T U.S. AMBASSADOR
THOMAS ENDERS HAS EXPRESSED SOME CONCERNS PRIVATELY TO MR.
BLAKENEY.

MR. ENDERS LOW-PROFILE VISIT NOV.7 FOR A BREAKFAST WITH MR.
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BLAKENEY (AT MR. ENDERS REQUEST) EASILY COULD BE DISMISSED AS
MERELY A NORMAL KEEPING-IN-TOUCH MEETING, BUT IT SO HAPPENED THAT

THE TWO MEN MANAGED TO TAKE ABOUT TWO HOURS TO DISCUSS MAINLY ONE
CONCERN, SASKATCHEWAN S PLANS TO BUILD A THERMAL GENERATING PLANT
ON THE POPLAR RIVER A FEW MILES AWAY FROM THE MONTANA BORDER.

THE OTHER TOPIC OF CONCERN TO MR. ENDERS WAS SASKATCHEWAN POTASH POLICY, PARTICULARLY ITS ACQUISITION POLICY AND THE MARKETING TACTICS OF POTASH CORPORATION OF SASKATCHEWAN.

MR. ENDERS APPARENTLY DID NOT LAY ANY THREATS AT MR. BLAKENEY'S FEET, SUCH AS TRYING TO MAKE SASKATCHEWAN FREEZE IN THE DARK BY STOPPING THE POPLAR RIVER PROJECT UNLESS SASKATCHEWAN EASES UP ON ITS POTASH POLICIES.

BUT NONE-THE-LESS THERE STILL IS AN IMPLIED THREAT IN MR. ENDERS VITIS, AND THAT IS THE SPECTRE OF U.S. REPRISALS AGAINST SASKATCHEWAN'S TINY ECONOMY IF THE PROVINCIAL GOVERNMENT STEPS TOO FAR OUT OF LINE.

IT IS SAFE TO ASSUME THAT THE UNITED STATES INTERESTS WOULD LIKE TO EXERT MORE INFLUENCE OVER SASKATCHEWAN AFFAIRS, SUCH AS THE GOVERNMENT BUY-OUT OF U.S.-OWNED POTASH COMPANIES, ITS POTASH MARKETING TACTICS, THE LEVEL OF TAXES IT IMPOSES ON OIL COMPANIES, ITS URANIUM DEVELOPMENT AND SO ON.

HOWEVER, IT APPEARS THAT MR. BLAKENEY IS STANDING UP AGAINST PRESSURE. AT HIS REGULAR NEWS CONFERENCE WEDNESDAY MORNING AFTER MR. ENDERS' VISIT, MR. BLAKENEY WAS FORTHRIGHT ABOUT WHAT HAD BEEN DISCUSSED.

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HE CHOSE NOT TO ATTACK MR. ENDERS FOR MEDDLING IN SASKATCHEWAN AFFAIRS AND GENERALLY TREATED THE INCIDENT AS JUST ANOTHER OCCURRENCE IN THE LIFE OF A POLITICIAN. THAT KIND OF CALM REACTION IS REASSURING.

BUT MR. ENDERS' VISIT COULD HERALD SOMETHING MUCH MORE SIGNIFICANT TO SASKATCHEWAN.

FOR ONE THING, ITS TIMING SOON AFTER THE MANITOBA ELECTION RESULT MUST BE A SUBTLE REMINDER TO MR. BLAKENEY THAT HE NOW IS NORTH AMERICA'S LAST SOCIALIST GOVERNMENT LEADER (IF YOU DON'T COUNT RENE LEVESQUE IN QUEBEC, WHO IS A SPECIAL CASE.)

FURTHERMORE, THE FACT THAT MR. BLAKENEY AND MR. ENDERS HAD A LONG DISCUSSION INDICATES THERE WERE SUBSTANTIVE ISSUES DEBATED. IT DOESN'T TAKE TWO HOURS TO CATCH UP ON FAMILY GOSSIP.

THE VISIT PROBABLY WAS THE UNITED STATES' WAY OF SNIFFING OUT EXACTLY WHAT KIND OF PRESSURE, AND HOW MUCH, CAN BE EXERTED AGAINST MR. BLAKENEY'S GOVERNMENT. THE POPLAR RIVER ISSUE IS A LEGITIMATE

IRRITANT, BUT ONE SUSPECTS IT MERELY IS A NICE COVER FOR A MUCH LARGER CONCERN, NAMELY THE THREAT TO UNITED STATES FREE ENTERPRISE CAPITALISM POSED BY SASKATCHEWAN S EXPERIMENTS IN STATE CAPITALISM IN MAJOR INDUSTRIES SUCH AS POTASH, URANIUM AND OIL.

SASKATCHEWAN HAS A SIGNIFICANT SUPPLY OF THOSE THREE RESOURCES, ALL OF WHICH ARE CRUCIAL TO THE UNITED STATES ECONOMY. WITHOUT SASKATCHEWAN POTASH, THERE WOULD BE FERTILIZING PROBLEMS IN U.S. AGRICULTURE. WITHOUT SASKATCHEWAN S HEAVY-SOUR CRUDES, THE REFINERIES OF THE U.S. MIDWEST WOULD HAVE TO COMPETE EVEN HARDER FOR SUPPLIES.

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AND SASKATCHEWAN URANIUM IS BECOMING A MORE IMPORTANT RESOURCE, ESPECIALLY NOW THAT THE U.S. APPEARS TO BE TURNING AWAY FROM REPROCESSING TECHNOLOGY IN FAVOUR OF THE NATURAL URANIUM TECHNOLOGY IN FAVOUR OF THE NATURAL URANIUM TECHNOLOGY THAT USES MORE URANIUM. THE UNITED STATES POWER SYSTEM ALREADY DEPENDS PN LARGE PART ON NUCLEAR POWER, AND THE URANIUM DISCOVERIES IN NORTHERN SASKATCHEWAN IN RECENT YEARS INDICATE THAT SOME OF THE WORLD S BEST DEPOSITS ARE LOCATED THERE.

IT SHOULD BE REMEMBERED THAT MR. ENDERS JOB IS TO REPRESENT U.S. INTERESTS IN CANADA. AND IT IS BECOMING ABUNDANTLY CLEAR THAT THE UNITED STATES HAS SUBSTANTIAL INTERESTS IN SASKATCHEWAN.

THEREFORE DO NOT BE SURPRISED IF THE UNITED STATES INTERESTS, IN BOTH GOVERNMENT AND BUSINESS, BEGIN MAKING THEMSELVES HEARD MORE LOUDLY IN SASKATCHEWAN. 7NQUOTE.

3. COMMENT: AS EMBASSY AWARE, JOHN TWIGG HAS BEEN COVERING MAJOR
POTASH STORIES FOR A NUMBER OF YEARS FOR TORONTO GLOBE AND MAIL.
OUR EXPERIENCE HAS BEEN THAT HIS REPORTING HAS BEEN FACTUAL AND
UNBIASED. NONETHELESS, I BELIEVE THE EMBASSY SHOULD CONSIDER
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RESPONDING TO THE FOREGOING EDITORIAL IN THE FORM OF A LETTER FROM
THE AMBASSADOR TO SET THE RECORD STRAIGHT.
HUTSON

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